

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Cleveland Heights-University Heights Public Library
Cuyahoga County
2345 Lee Road
Cleveland Heights, Ohio 44118

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated June 16, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matters that we reported to the Library's management in a separate letter dated June 16, 2008.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 16, 2008

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

**Issued by:
Stephen D. Wood
Director/Clerk-Treasurer**

Cleveland Heights-University Heights Public Library
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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Comprehensive Annual Financial Report

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Cleveland Heights-University Heights Public Library

Comprehensive Annual Financial Report

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Stephen D. Wood
Director/Clerk

Catherine Hakala-Ausperk
Deputy Director

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June 16, 2008

To the Board of Library Trustees,
Citizens of Cleveland Heights–University Heights City School District

With great pleasure we submit to you the Cleveland Heights–University Heights Public Library's (the Library) seventeenth Comprehensive Annual Financial Report (CAFR). It is prepared by the Library's Business Office for the year ended December 31, 2007. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Library. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Library, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Library's financial activity have been included. This report will provide the taxpayers of the Cleveland Heights–University Heights City School District with comprehensive financial data in a format that enables them to gain a true understanding of the Library's financial status.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio Auditor of State has issued an unqualified ("clean") opinion on the Library's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

REPORTING ENTITY

The Cleveland Heights–University Heights Public Library is organized under Ohio State law as a school district public library. A seven–member board, one member appointed each year by the local board of education for a seven–year term, governs the Library. The taxing authority for the school district public library is the Board of Education, but the Library operates under a separate budget with funds derived primarily from the Library and Local Government Support Fund and two property tax levies totaling 5.9-mills.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Cleveland Heights-University Heights City School District.

The Director is responsible for the administration of the Library, and the Clerk–Treasurer oversees the Library’s financial affairs. The Board of Library Trustees has appointed Stephen Wood to both positions.

PROFILE OF GOVERNMENT

In November 1916, a Board of Trustees was appointed to form a public library for the village of Cleveland Heights but, because of World War I, the Library was not organized until 1920. At that time a librarian was appointed and the Cleveland Heights Public Library opened in the basement of the Coventry Elementary School, where the school library was merged with it. In 1926 the Library moved into its own permanent building at 1925 Coventry Road.

The Cleveland Heights–University Heights Public Library is presently comprised of four buildings: The 110,000 square foot Lee Road Library (our Main Library), where renovation was completed in 2006, incorporating the old Lee Road branch built in 1932 and an earlier renovation from 1968; the Noble Neighborhood Library, built in 1937; the University Heights Library, built in 1952; and the original 1926 building which became the Coventry Village Library in 1968.

In 1973, the Library placed its first five–year operating levy on the ballot and it passed by 67.8 percent. (None of the Library’s tax levies or bond issues has ever passed by less than 61 percent.) This financial support has allowed the Library to develop innovative approaches to the public service that the residents of the community demand. For example, in 1981, the Cleveland Heights–University Heights Public Library was the first library to join the Cleveland Public Library’s automated circulation system and online catalog. CLEVNET, as it is now known, has grown to over 30 libraries in 10 counties in northern Ohio.

ECONOMIC CONDITIONS AND OUTLOOK

Although its boundaries coincide with those of the Cleveland Heights–University Heights City School District, primarily the cities of Cleveland Heights and University Heights, being adjacent to the major metropolitan area of Cleveland enlarges the role of the Library. The population of Cuyahoga County is highly mobile and most residents use several libraries to meet their recreational reading and informational needs; thus, many people come into the Library from outside its immediate service area. Participation in CLEVNET also expands the Library’s role through the mutual sharing of materials and resources both within Cuyahoga County and throughout the State.

Funding for the Library from the Library and Local Government Support Fund, which represents approximately 45.56 percent of the Library’s total revenue, is derived from a percentage of statewide General Revenue Fund collections. Receipts from this source depend upon general economic conditions in Ohio, and upon allocation decisions made by the Cuyahoga County Budget Commission. Economic and political uncertainties continue to affect future allocations of the Library and Local Government Support Fund. The Board of Library Trustees and management believe that careful planning and closely monitoring the expenditure of funds are essential to withstand any material effect on levels of public service.

In November of 1992, our residents approved a continuing, four-mill operating levy by a two–to–one margin. Beginning collection in 1993, this levy replaced a three-mill levy (with an effective rate of only 2.06 mills) and generates approximately \$3,085,000 annually in property taxes and intergovernmental revenues.

In March of 2000, the voters of the Cleveland Heights-University Heights City School District approved an additional continuing 1.9-mill operating levy. Collections began in 2001 and they generate approximately \$1,451,000 annually. Passage of this second levy has ensured continued public service levels in the face of increasing costs.

State law limits the property tax levies, which accounts for approximately 49.38 percent of the Library’s revenue, to the revenue generated by real property appraisal values at the time of each levy’s passage. As a result, property tax revenues cannot increase significantly during the term of each levy. Properties in the Library's taxing boundaries are largely residential and, over the past year, we have seen a significant decrease in property tax income, almost 3%, because of the foreclosure crisis affecting Cuyahoga County, the state and the nation. We anticipate a continuing decrease from this major revenue source in the coming year.

In November 2001, the voters of the Cleveland Heights-University Heights City School District approved a \$9.5 million bond issue. This money supported the renovation of the Main Library, the former Heights YMCA, purchased in 2000, and the construction of a pedestrian walkway over the street between the two buildings. This increased space allows needed growth in all departments and increased programming for the community. This renovation was completed and the facility re-opened in September of 2006.

This fall, the Board of Library Trustees approved the library going on the ballot in March 2008 for a second continuous 1.9 mill property tax levy, this one certified to generate \$2.3 million beginning in 2009. Unfortunately, the poor economy and the foreclosure crisis, described above, indicate that income from this new levy, as with the older ones, will generate far less than planned. It is a situation with which future budget planners are required to deal.

The demographics of the Library’s service area have changed since 2000. According to 2007 estimates, the most recent data provided by ESRI, when compared with 2000 Census figures the number of our residents who are over the age of 65 has increased from 11.7 percent to 12.1 percent in Cleveland Heights, but decreased from 13.5 percent to 12.5 percent in University Heights. The overall population for the two cities has decreased by 3.9 percent (from 64,104 to 61,614). The racial mix is also changing as we have experienced a 14.4 percent increase in our African–American population in Cleveland Heights and 23.3 percent in University Heights.

Neither city has any industry to speak of and both are excellent examples of relatively affluent “bedroom communities.” Since 2000, the average household income has increased by 27.7 percent in the two communities. The percentage of residents having received college degrees and above is 55.5 percent and 59.9 percent in Cleveland Heights and University Heights respectively. At the same time, per capita income in Cleveland Heights is \$33,135 and is \$35,913 in University Heights, while the combined median household income for the two cities is \$61,401.

LONG-TERM FINANCIAL PLANNING

The Library maintains five-year financial projections at all times and this is regularly shared with the Board of Library Trustees. It is updated as material changes to income and expenditures are determined, and it covers both operational and capital needs to maintain and enhance current services and facilities.

RELEVANT FINANCIAL POLICIES

The Board of Library Trustees approved a long-term investment policy in May 2004 as part of their *By-Laws*. The purpose of this policy is to establish priorities and guidelines regarding the investment management of the Library’s operating funds. These priorities and guidelines are based upon Chapter 135 ORC and prudent money management. The policy also follows Section 135.14 ORC in establishing what qualifies as an eligible investment. Safety of principal is the most important objective of the Library’s investment policy. The policy also focuses on issues regarding liquidity and yield.

MAJOR INITIATIVES

The Library’s latest strategic plan was completed this year and uses a relatively new methodology to such planning by libraries. It uses the “Balanced Scorecard” approach that emphasizes results with measurements taken throughout the year, such as statistical use counts, community surveys, and customer feedback. It seeks a “balance” between past accomplishments and future achievements and recognizes that rapid change and the need to adjust quickly to customer needs requires that we replace the typical three to five year long-range plan with something that is shorter in duration and is updated regularly.

Staff's work was based on the Library's Mission, Values and Vision that were reviewed and updated by the Board of Library Trustees last July.

The Library's Mission

The Mission indicates what our organization is committed to do:

The Cleveland Heights–University Heights Public Library—Opening doors, opening minds.

The Library's Values

We place great value in:

- Education and literacy,
- Understanding and responding to the needs of our customers,
- Effective management of financial resources,
- Assuring that our libraries remain free for all,
- Effective management and development of human resources, resulting in a diverse and culturally competent staff,
- Quality in all we do,
- Intellectual Freedom,
- A climate for innovation and change,
- Respect and tolerance for diverse viewpoints and individual differences,
- Integrity and ethics in the workplace,
- Shared organizational decision making and responsibility,
- Open, timely and effective internal and external communications,
- Contributing to a culture of respect and comfort for all.

The Library's Vision

We will know we are succeeding when...

- Our services and facilities appeal to all ages.
- Our collections, services and staff are outstanding.
- We have established the Library as a Third Place, or “someplace other than work or home where a person can go to... feel part of the community.”
- We remain focused on the needs of our customers.

Some highlights of our efforts in 2007 include:

Statistics.

A review of the statistics gathered this year show sharp changes resulting from re-opening the Lee Road Library. For one thing we increased the square footage of our system by 51%!

- Total circulation increased by almost 3% over 2006. This represents over **28 items per capita**. The state average for 2006 was only 15.6 per capita; the national average in 2004, the latest year available, was a mere 7.1! Our circulation of children's materials represents over 24% of the total.
- The number of people entering the buildings, over 980,000, is a decrease of almost 29% over 2006 due, probably, to variances in counting.
- But program attendance, which is a focus of our newly-renovated library, was 43,251 in 2007, with our customers attending over 2,900 programs. This is an increase in attendance of almost 213% over 2006!
- In-house use of materials decreased by 3% in 2007.
- Materials collection. Despite additional space in the newly renovated Lee Road Library, we used 2007 as a time to remove out-of-date materials from our book collection and to reduce it, overall, by more than 7%. DVD's and recordings on compact disc (books and music), on the other hand, increased by 7.7% and 11.8% respectively as we continue to build those collections and fill in gaps.

Library Services and Programming.

The Cleveland Heights-University Heights Public Library has a long tradition of customer service and we continued that focus again this year. It is manifested in many different ways including QIS, "Quality Information Service," our proactive way of interacting with customers. While the philosophy of "roving reference," as opposed to a stationary, centralized desk, is getting growing attention around Ohio and the rest of the country, it is still fairly new and experimental. Our implementation has not been without flaws and mistakes, but it is clearly the way to move forward.

The Welcome Desk at the Lee Road Library is staffed during all hours the building is open by various members of the staff from the Director to Pages. Although begun as a way of helping people find their way around a new and vastly different building, it has proven to be successful as a way of just greeting people that is much appreciated by our customers.

We continue to recognize the importance of programming with the number of staff-planned programs increasing by more than 52 percent! We have always programmed heavily for children, but we now see programs for adults on all topics, with a number of them focusing on diversity and especially on music. We are also a very popular resource for classes on computers, software and using the Internet. This supports the growing realization that libraries really *are* community centers.

Heavy use is made of our meeting rooms by non-profit organizations and, surprisingly, by individuals for baby and bridal showers and for birthday parties. In 2007, our meeting rooms were used a total of 1,555 times and the total number of people enjoying our rooms was 35,989! Although we minimally charge for social events and more than one use per month by non-profits, we generated \$7,505 in income to support our own programming.

In addition to its nationally known programming for the deaf community, the Coventry Village Library, recognizing its value to its local area, has become much more of a “popular” library. Purchases are predominately best seller fiction and non-fiction, DVDs, etc., and less of materials to build an enduring collection. This branch is also focusing on collecting, in a single location, the works of our many local authors. This gives us the ability to do programming in support of this writers who are truly assets to our community.

We provide homework help to both teens and elementary school children at the Lee Road Library. This is an important service that, unfortunately, relies on community volunteers of which there are all too few. Still, as we continue to “grow” the program, it is much appreciated by parents and students alike.

An exciting new service, *Newspapers Direct*, was introduced last year and provides next day access to 200 foreign language and English newspapers from more than 50 countries in 30 languages. Immediate reaction from our customers to this service, the first of its kind in the country though a public library, is very positive. Older issues are shared with languages classes at our schools.

The Readers’ Advisory Team created a web site, www.findagoodbook.net, which features online book discussions, reviews and blogs and is attracting fiction fans from around our communities. A newly revised web site, planned for mid-2008, will expand their efforts even further.

Despite the delays in renovation and the decreases made in the amount of programming offered to the community in 2006, staff was back at work, creative and busy, presenting programs in 2007. Overall, the Library presented 890 adult programs, 506 teen programs and 1,559 programs for children. Total program attendance was 43,251! Some of the most unique programs included the introduction of the “Senior Spot,” a weekly gathering place for older adults at the University Heights Library, a monthly discussion at the Noble Neighborhood Library of popular mysteries led by Branch Manager Jo Ann Vicarel, and our hugely popular “International Festival,” co-sponsored with the Heights Community Congress. Over 500 people enjoyed over 25 vendors displaying cultural foods and artifacts from around the world.

Programming is also provided by the library’s three partners HeightsArts, the Heights Parent Center and Dobama Theatre. An art gallery is located in the “Arts Center,” the former YMCA building connected to the Main Library by walkway across Lee Road. It is operated by HeightsArts, and has had several important exhibits as well as regular classes geared to both children and adults.

Also in the Arts Center is the Heights Parent Center. Supported originally by a Library Services and Technology Act grant through the State Library of Ohio, they operate “Little Heights,” a family literacy center for children and their parents together.

Still to come, Dobama Theatre is committed to original and unique plays, and is raising funds to “build out” their new space in the Arts Center. We anticipate that that will happen by the end of 2008.

In other Arts Center space, the Library’s “Community Office” is our computer lab. Thirty PCs fill that space and provide our customers with scheduled access to the programs in Microsoft Office, résumé writing software and other useful software tools. The room may be divided in two so that classes can be presented while the rest of the space remains available to our customers. It is our intention to increase the value of the Office to the community by increasing the scope of the software and by adding a high-speed color printer, scanner and copying machine.

Staff

This has been a very difficult year for staff. Three popular employees passed away and that has been devastating to all of us. In addition, there was again a fair amount of turnover, although we are proud that our training and preparation of staff is so excellent that they are in demand by other libraries for better, more challenging, positions.

Extensive medical claims in 2007 led to a proposed renewal increase in our Medical Mutual PPO plan of 99%. Needless to say, this caused much concern and led to a change for 2008 to a “health savings account” plan from United Health Care. Even though the Library is paying into the HSA accounts of all participating full-time staff (\$800 for a single staff member and \$1,600 for families) the total overall cost for this change was only 3.6% above that of 2006. Time will tell, though, how successful and beneficial this change will be for our employees.

We continue expanding the staffing of our Young Adult Services Department but without increasing the overall staffing hours. Now we have staff at every building every afternoon specifically trained in working with this age group. Taking an interest in the teens has, by itself, reduced the behavior problems, but this staff understands that inappropriate behavior will not be tolerated. We’ve seen very positive outcomes from their efforts.

Staff training continues to grow throughout the system. Increasing the knowledge of staff, even in areas outside their specific expertise, does increase their value as employees.

We continue to reap success through our tuition reimbursement program. Since 2000, well over \$37,000 has been paid out to our staff for furthering their education. We are very proud that we are able to offer this important program through the Staff Development Fund created by former resident, Larry Bauer.

This is the sixth year we reimbursed staff for up to \$100 of their membership fees in professional organizations. Not only does this help support our profession, it also encourages greater participation by our staff and attendance at workshops and conferences. Training and staff development remain essential to quality customer service.

Thanks to financial support from our Friends of the Library, longevity with the system is acknowledged through the awarding of special pins. Throughout the year our productive and long-term staff is recognized through small gifts and food, also provided through support from our Friends. In honor of the retirement of their Office Secretary after 14 years of service, the Friends established the “Gertrude Kleiner Award.” It is presented each year “...to a Library staff member whose extraordinary efforts advance the work of the Library.”

We are outsourcing many of the processing functions from our Technical Services Department and are now ordering new materials electronically from our jobbers. This electronic ordering and full processing of books has a major impact on the workload of this department that serves us well and allows us to transfer hours from this department to those providing direct service to the public.

The Library is a founding participant in the Heights Neighborhood Collaborative. Funded by the county's Department of Children and Families, the Collaborative provides direct support services to local families in need. The Library provides space for meetings and family visitations.

Buildings.

Our primary focus through last year has been the renovation of the Lee Road Library. This was a major undertaking and, despite our return to the building in September 2006, we continue to find areas needing to be tweaked. By the end of the year, though, we find almost all of the kinks out of our operation.

The Library's three branches are in excellent shape. In 2006, the Board of Library Trustees authorized a facilities report to be prepared by Studio Techné, our architects for the renovation project. Although they did find some problems that will need to be dealt with in the next few years, there is nothing that requires immediate attention. That is very good news.

Technology.

All four of our buildings are wireless and this is much appreciated by those customers with their own laptop computers. But this wireless access is valuable to the Library in other ways as well. As part of the renovation of the Lee Road Library, we purchased Avaya Spectralink portable phones that function with the wireless capabilities of the new building. They give us much more flexible communication among staff including the Guards and those designated "in-charge." Having these new phones, though, has pointed out the shortcomings of the rest of our telephone system. A new method of telephone service, "Voice over Internet Protocol (VoIP)," was investigated and approved as a complete replacement this year and will be installed early in 2008.

Throughout the system, we have installed new software and hardware that allows us to (a) manage the scheduling of all our public PCs; and (b) to collect payments for online printing. S.A.M., as it is called, has proven to be a great saver of time and reducer of frustration for both our customers and our staff.

While we are pleased generally with the content and functionality of the library's web site, we are planning another update in 2008. Changing news items, complete with links to additional information, and currently updated program information, will be ever-changing and all will be created by staff.

The Library was the first participant in CLEVNET, the 31-library automation system in northern Ohio operated by the Cleveland Public Library. Through CLEVNET's resource sharing component, our customers effectively have access to over two and one-half million titles, 10 million items, as well as to a number of valuable resource databases, many available from home or office.

The Library participates in OPLIN, the Ohio Public Library Information Network. This State-wide service provides free, high-speed telecommunication lines to all public libraries in Ohio, a Web site providing links to useful resources around the world, and access to a number of commercial reference databases. These databases are valuable for adults and students alike.

Through CLEVNET, OPLIN and on our own, the number of electronic databases we provide our customers, especially remotely to homes and offices, is quite remarkable. And the Library participates in the statewide online reference service, *KnowItNow*. This extraordinary service provides to every resident twenty-four hour-a-day, seven day-a-week contact with a live librarian ready to answer even the most difficult question. Over 10,000 questions each month are answered throughout the State of Ohio.

Taken as a whole, this Library's staff-developed web site, membership in CLEVNET, participation in OPLIN, and *KnowItNow* bring to the residents of Cleveland Heights and University Heights and to all the Library's customers, an amount of information—available at their fingertips—that is truly staggering. We doubt there are many libraries of our size anywhere in the country that provide the breadth of resources we do.

The downside to our success has been the need this year to install a third T-1 line to increase our bandwidth. While this did help for a short time, we found that, by the end of the year, our access to the Internet has again slowed dramatically. Luckily, we anticipate a major change next year in the way OPLIN will provide telecommunications to the public libraries around the state. Their switch from copper to fiber is expected to increase our bandwidth ten-fold and will allow future upgrades to be both easier and quicker.

During the coming year, several major areas will be addressed. The Library plans to:

- Continue to provide unique, positive customer service experiences to everyone using our facilities by constantly revisiting the ways we provide that service;
- Continue work on our Balanced Scorecard strategic plan;
- Undergo a complete review of staff's position descriptions and evaluation system;
- Install a new telephone system to improve service to our customers;
- Continue partnering with other community groups to increase the number of, and enhance, the many programs we offer to the community;
- Continue searching for opportunities to partner with our schools in ways that improve the educational experience;
- Continue the campaign leading to an additional 1.9 mill property tax levy, to be approved by the voters at the March 2008 Primary Election;
- Regardless of the success of this new levy, we will continue planning, in this poor economy, to reduce spending in ways that have only a minor impact on the residents of our community and on the level of customer service we provide.

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the Library's financial statements as of and for the year ended December 31, 2007, by our independent auditor, Auditor of State Mary Taylor.

Library management plans to continue to subject financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the Library's accounting and budgetary controls.

Awards

The Cleveland Heights-University Heights Public Library was rated fifth nationally among libraries its size. Looking at circulation, staff, expenditures and the like, the Hennen American Public Library Rating Index is the only nationwide comparison of libraries based on statistics each collects.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cleveland Heights-University Heights Public Library for its Comprehensive Annual Financial Report for the year ended December 31, 2006. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report the contents of which satisfy all program standards. The report must conform to generally accepted accounting principles and satisfy all applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. We believe this Comprehensive Annual Financial Report continues to meet the high standards set by GFOA, and therefore, we will be submitting this report to determine its eligibility for a Certificate.

Acknowledgements

We wish to express our appreciation to the members of the Board of Library Trustees for their continued interest and support in planning and conducting the financial operations of the Library in a responsible and progressive manner.

Respectfully Submitted,



Stephen D. Wood
Director/Clerk-Treasurer



James W. Teknipp
Business Manager/Deputy Clerk-Treasurer

CLEVELAND HEIGHTS–UNIVERSITY HEIGHTS PUBLIC LIBRARY

LIST OF PRINCIPAL OFFICIALS
as of December 31, 2007

BOARD OF LIBRARY TRUSTEES

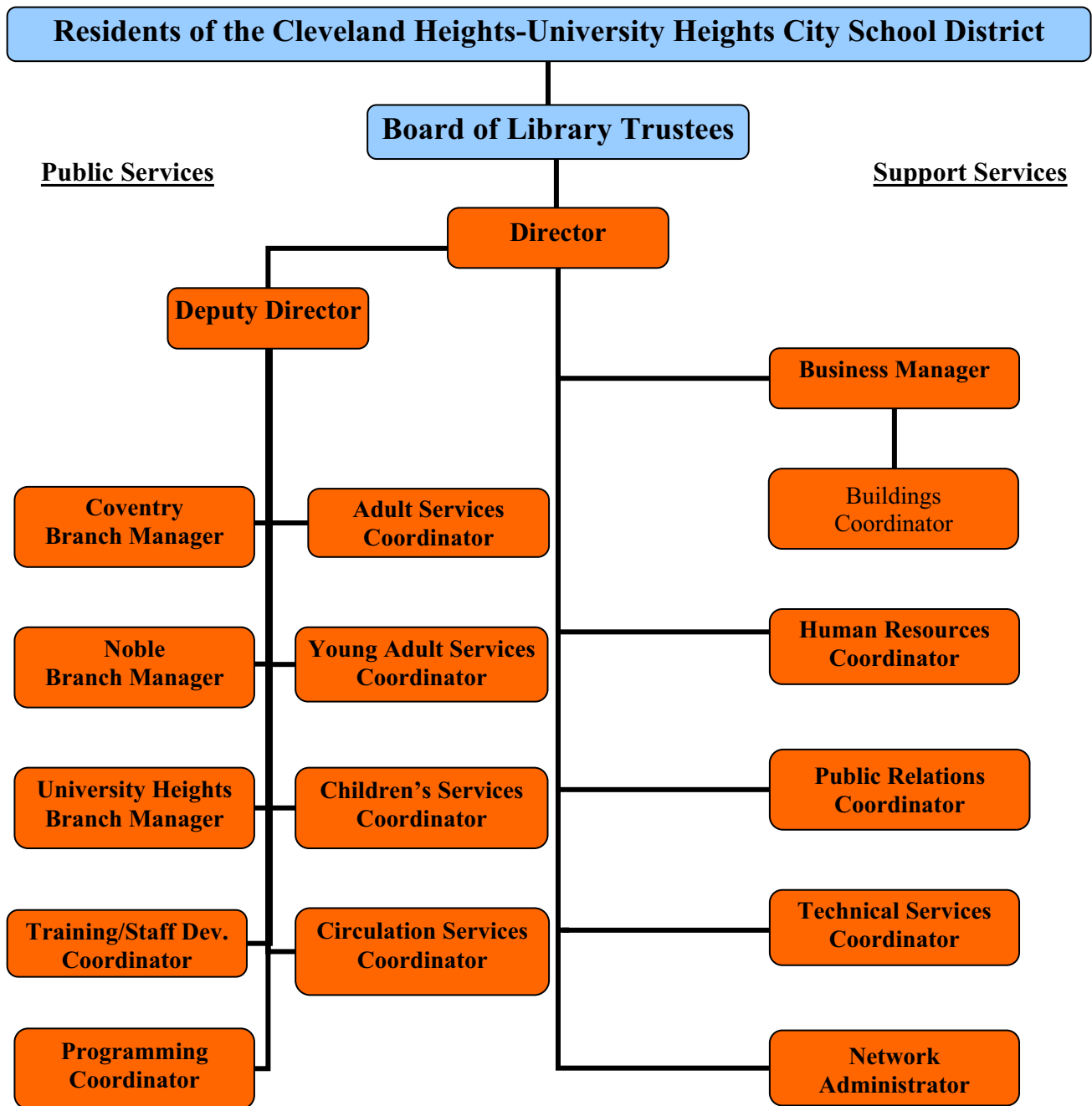
President William Batcheller
Vice-President Gerald Blake
Secretary Eric Silverman
Member Glenn Billington
Member Audrey Cole
Member Esther Moss
Member Kevin Ortner

ADMINISTRATIVE STAFF

Stephen Wood Director/Clerk-Treasurer
Catherine Hakala-Ausperk Deputy Director
James Teknipp Business Manager
David Farnan Adult Services Coordinator
Steven Haynie Young Adult Services Coordinator
Amy Switzer Children’s Services Coordinator
Mary Beth Musk Circulation Services Coordinator
Laurie Marotta Human Resources Coordinator
Tonya Davis Programming Coordinator
Judithe Soppel Public Relations Coordinator
Gerald Kavulic Buildings Coordinator
Patricia Carterette Training & Staff Development Coordinator
Mary Murphy Technical Services Coordinator
Matt Hoffman Network Administrator
Patricia Gray Branch Manager, Coventry Village Library
Jo Ann Vicarel Branch Manager, Noble Neighborhood Library
Maureen Weisblatt Branch Manager, University Heights Library

Cleveland Heights-University Heights Public Library

ORGANIZATION CHART



Certificate of
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Reporting

Presented to

Cleveland Heights-
University Heights
Public Library, Ohio

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

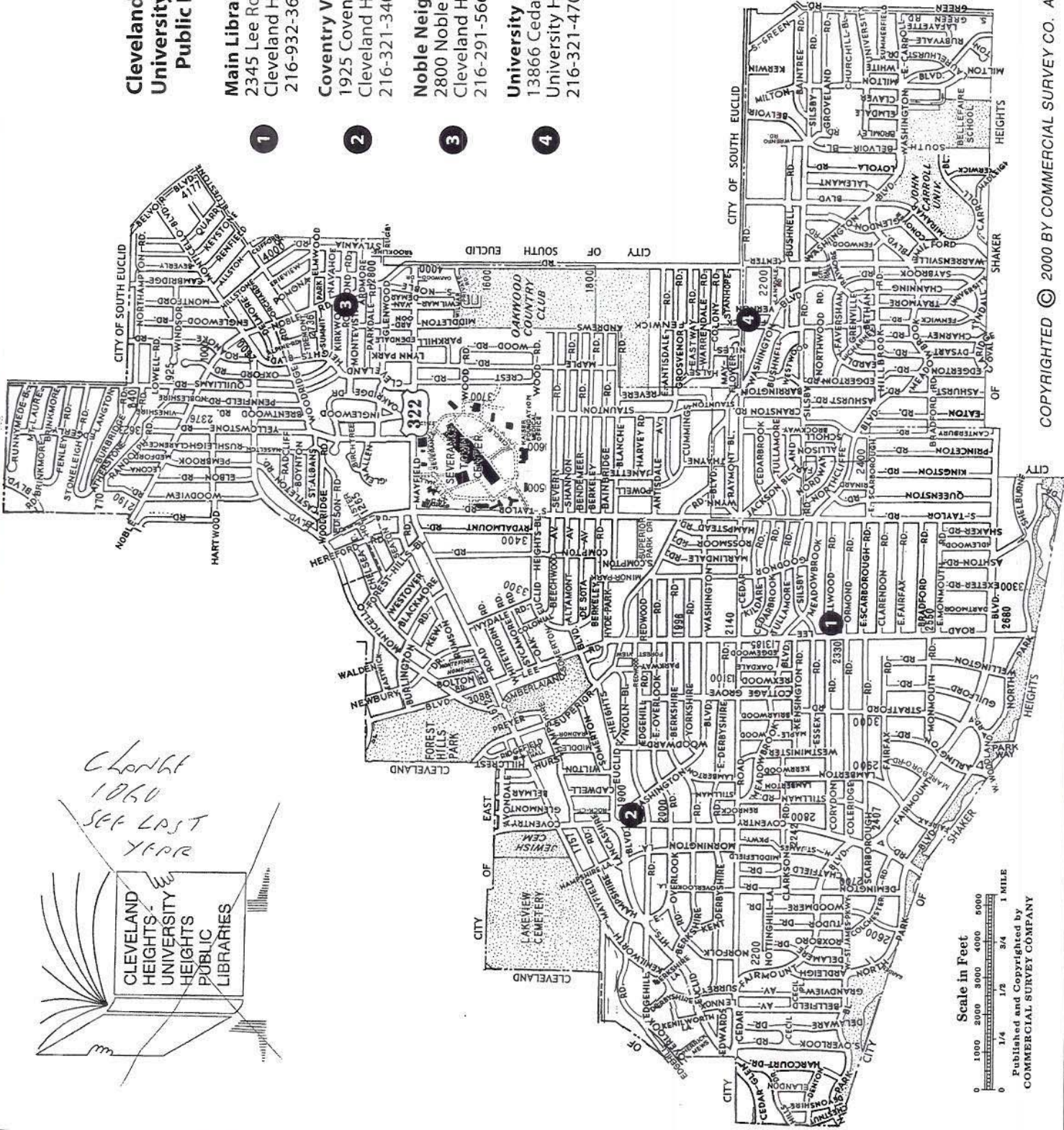
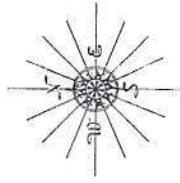
**Cleveland Heights-
University Heights
Public Library**

Main Library
2345 Lee Road
Cleveland Heights, OH 44118
216-932-3600

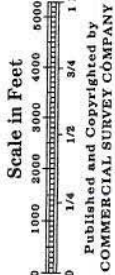
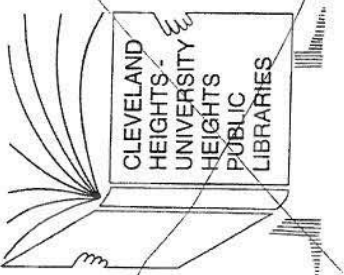
Coventry Village Library
1925 Coventry Road
Cleveland Heights, OH 44118
216-321-3400; TTY 321-0739

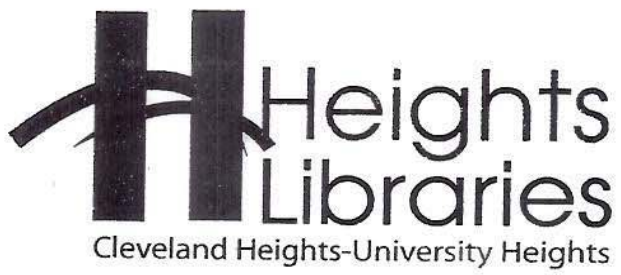
Noble Neighborhood Library
2800 Noble Road
Cleveland Heights, OH 44121
216-291-5665

University Heights Library
13866 Cedar Road
University Heights, OH 44118
216-321-4700



*Change
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Y.P.R.*







Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Heights-University Heights Public Library
Cuyahoga County
2345 Lee Road
Cleveland Heights, Ohio 44118

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio (the Library), as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, as of December 31, 2007, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 16, 2008

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

The management's discussion and analysis of the Cleveland Heights-University Heights Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2007. The intent of this management's discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Library's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- Total net assets decreased \$1,548,787 or a 6.61 percent decrease over 2006.
- Total assets of governmental activities decreased \$2,251,013 which represents a 7.72 percent decrease over 2006. This change was due in-large part from a decrease in cash of \$1,636,893 which was the result of making final payments to contractors for remaining contracts outstanding for the renovation of the Lee Road Library.
- Total current liabilities decreased by \$699,574 or 14.52 percent from 2006.
- Total capital assets decreased by \$307,361 or 1.65 percent under 2006.
- Total outstanding long-term liabilities at 2007 were \$2,652 less than year 2006 or a 0.30 percent decrease.
- On a modified accrual basis, Library property tax revenue has decreased by \$142,469 or 3.44 percent from 2006.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Cleveland Heights-University Heights Public Library as a financial whole or as an entire operating entity. The statements provide a detailed look at the Library's specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Reporting the Cleveland Heights-University Heights Public Library as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the Library to provide services to our citizens, the view of the Library as a whole considers all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Library's net assets and the changes in those net assets. The change in net assets is important because it tells the reader whether, for the Library as a whole, the financial position of the Library has improved or diminished. However, in evaluating the overall position of the Library, non-financial information such as changes in the Library's tax base and the condition of the Library's capital assets also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the Cleveland Heights-University Heights Public Library's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cleveland Heights-University Heights Public Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Library's funds can be classified as governmental funds. Fund financial reports provide detailed information about the Library's major funds. The Library has established funds that account for the multitude of services and facilities provided to our residents. However, these fund financial statements focus on the Library's most significant funds. In the case of the Cleveland Heights-University Heights Public Library, our major funds are the general and building and repairs capital projects funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. All Library activities are reported in the governmental funds focusing on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Our funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Library's general operations and the basic services it provides. Governmental fund

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

information helps one determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 14 – 17 of this report.

The Cleveland Heights-University Heights Public Library as a Whole

Recall that the Statement of Net Assets pictures the Library as a whole. Table 1 provides a summary of the Library's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$8,561,928	\$10,505,580	(\$1,943,652)
Capital Assets, Net	18,338,083	18,645,444	(307,361)
Total Assets	26,900,011	29,151,024	(2,251,013)
Liabilities			
Current Liabilities	4,120,027	4,819,601	(699,574)
Long-Term Liabilities			
Due Within One Year	289,033	335,729	(46,696)
Due in More Than One Year	597,463	553,419	44,044
Total Liabilities	5,006,523	5,708,749	(702,226)
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,685,439	18,041,395	(355,956)
Restricted for:			
Capital Projects	555,910	1,311,793	(755,883)
Debt Service	0	312,489	(312,489)
Staff Development	463,836	468,404	(4,568)
Unrestricted	3,188,303	3,308,194	(119,891)
Total Net Assets	\$21,893,488	\$23,442,275	(\$1,548,787)

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Cleveland Heights-University Heights Public Library, assets exceeded liabilities by \$21,893,488 at year-end 2007. Total governmental assets decreased by \$2,251,013 while total governmental liabilities decreased by \$702,226 resulting in a decrease to net assets of \$1,548,787. By comparing assets and liabilities, one can see the overall position of the Library is good.

Although the Cleveland Heights-University Heights Public Library's investment in its capital assets is reported net of related debt, which is strictly capital leases, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additionally, the Cleveland Heights-University Public Library works very hard to stabilize current liabilities and reduce long-term liabilities.

Table 2 shows the changes in net assets for the years ended December 31, 2007 and 2006.

Table 2
Change in Net Assets

	Governmental Activities		
	2007	2006	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$144,698	\$121,130	\$23,568
Operating Grants	3,206	37,244	(34,038)
Capital Grants	0	598	(598)
<i>Total Program Revenues</i>	<u>147,904</u>	<u>158,972</u>	<u>(11,068)</u>
<i>General Revenues</i>			
Property Taxes	4,000,385	4,045,997	(45,612)
Grants and Entitlements not Restricted	3,688,533	3,628,958	59,575
Investment Earnings	162,444	357,563	(195,119)
Miscellaneous	90,942	20,012	70,930
<i>Total General Revenues</i>	<u>7,942,304</u>	<u>8,052,530</u>	<u>(110,226)</u>
<i>Total Revenues</i>	<u>8,090,208</u>	<u>8,211,502</u>	<u>(121,294)</u>
Program Expenses			
General Government:			
Public Services	8,026,175	6,201,050	1,825,125
Administration	1,584,531	1,452,755	131,776
Interest and Fiscal Charges	28,289	42,244	(13,955)
<i>Total Program Expenses</i>	<u>9,638,995</u>	<u>7,696,049</u>	<u>1,942,946</u>
<i>Increase (Decrease) in Net Assets</i>	<u>(1,548,787)</u>	<u>515,453</u>	<u>(2,064,240)</u>
Net Assets Beginning of Year	<u>23,442,275</u>	<u>22,926,822</u>	<u>515,453</u>
Net Assets End of Year	<u>\$21,893,488</u>	<u>\$23,442,275</u>	<u>(\$1,548,787)</u>

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$7,942,304 or 98.17 percent of total revenue. The most significant portion of the general revenues is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$147,904 or 1.83 percent of total revenue.

The Library also carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The Director and Business Manager pay close attention to daily interest rates and have made the Library's money "work for us", in the current period of increasing interest rates. The Library realized \$162,444 in interest revenue. This additional revenue is utilized as part of the Library's plan to pay for future projects or improvements.

Analysis of Overall Financial Positions and Results of Operations

In Table 3 below, the total cost of services column contains all costs related to the programs and the net cost of services column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted State aid (Library and Local Government Support Fund) or local taxes.

Table 3
Governmental Activities

<u>Programs</u>	<u>Total Cost of Services 2007</u>	<u>Total Cost of Services 2006</u>	<u>Net Cost of Services 2007</u>	<u>Net Cost of Services 2006</u>
General Government:				
Public Service	\$8,026,175	\$6,201,050	(\$7,907,493)	(\$6,063,439)
Administration	1,584,531	1,452,755	(1,555,309)	(1,431,394)
Interest and Fiscal Charges	28,289	42,244	(28,289)	(42,244)
Total Expenses	<u>\$9,638,995</u>	<u>\$7,696,049</u>	<u>(\$9,491,091)</u>	<u>(\$7,537,077)</u>

The difference in these two columns of \$147,904 represents restricted grants, fees and donations. The dependence upon general tax revenues for governmental activities is apparent. 98.47 percent of total expenses are supported through taxes and other general revenue. An increase of almost \$2.0 million in the total cost of services can be attributed to the completion of the Lee Road Library renovation and increases in salaries.

Governmental Activities

Several revenue sources fund our governmental activities with the Library property tax being the largest contributor. Property tax revenues account for \$4,000,385 or 49.45 percent of total revenues. General revenues from grants and entitlements, such as local government funds, are also sources of revenue.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

The Library System's geographic boundaries encompass several inner-ring suburbs of the City of Cleveland. These communities are primarily residential in nature. The proximity and the easy access of the cities to major cultural, educational and medical facilities in northeast Ohio typically contributes to climbing property values, a key indicator of a community's economic health and stability, where the primary "industry" is housing. And, typically, the vitality of the area is also demonstrated by new construction over the past few years, development and redevelopment of retail and commercial corridors found throughout each community. However, the current foreclosure crisis and overall increase in delinquencies, in addition to a generally stagnant state economy, is cause for concern today and into the future.

Although the Library relies heavily upon local property taxes to support its operations, we continue to actively solicit and receive additional grant and entitlement funds to help offset operating and program costs. Grants and entitlements account for \$3,688,533 or 45.59 percent of total revenue.

83.27 percent of the Library's budget is used for public services. Administration accounts for an additional 16.44 percent. The remaining program expenses, amounting to less than one percent, represent other obligations such as interest and fiscal charges.

The Library's Funds

Information about the Library's governmental funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of \$8,090,555 and expenditures of \$9,467,900. The most significant fund is our general fund with an unreserved fund balance at year-end of \$1,290,179 compared to annual expenditures of \$7,961,229. \$612,489 was transferred to other funds. These transfers enabled the Library to fund capital improvements.

General Fund Budgetary Highlights

The Library's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of 2007, the Library amended its general fund budget, but no amendment was significant. For the general fund, original and final budgeted revenues were \$12,452,235 and \$7,908,234, respectively. Actual revenues were \$31,109 higher than final budgeted resources due to increases to anticipated interest and rental collections. Original and final budgeted expenditures in the general fund were \$8,426,938. Actual expenditures were \$276,285 lower than final budgeted expenditures.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Capital Assets and Debt

Capital Assets

(Table 4)

*Capital Assets at December 31
(Net of Accumulated Depreciation)*

	Governmental Activities	
	2007	2006
Land	\$791,638	\$791,638
Construction in Progress	0	0
Land Improvements	170,102	193,104
Buildings and Building Improvements	16,178,336	16,455,363
Equipment	1,171,627	1,172,343
Furniture	21,239	21,432
Vehicles	5,141	11,564
Total Capital Assets	<u>\$18,338,083</u>	<u>\$18,645,444</u>

Total capital assets for the Cleveland Heights-University Heights Public Library as of December 31, 2007 were \$18,338,083, \$307,361 lower than 2006. The most significant changes in our capital assets came from taking another year's worth of depreciation at \$523,102 and \$16,391 in net deletions offset by \$232,132 in additions. The Library is committed to a long-term goal of rebuilding and renovating facilities. See Note 10 for additional information on capital assets.

Debt

As of December 31, 2007, the Cleveland Heights-University Heights Public Library had \$886,496 in compensated absences and capital leases outstanding with \$289,033 due within one year. See Note 16 for additional information on the Library's debt.

(Table 5)

Outstanding Obligations at Year End

	Governmental Activities	
	2007	2006
Notes	\$0	\$300,000
Compensated Absences	233,852	285,099
Capital Leases	652,644	604,049
Total	<u>\$886,496</u>	<u>\$1,189,148</u>

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Current Financial Related Activities

The Cleveland Heights-University Heights Public Library has continued to maintain the highest standard of service to the customers of our communities. The Cleveland Heights-University Heights Public Library is financially strong. Over the past seventeen years we have enjoyed positive growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. The Board of Library Trustees and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The Cleveland Heights-University Heights Public Library relies on its property tax payers to support its operations, and the fiscal capacity and community support for the Library is quite strong. The Cleveland Heights-University Heights Public Library voters have passed additional operating levies in the years 1992 and 2000, which help the general operations and permanent improvements of the Library. In addition, the community overwhelmingly passed a bond issue in 2001 to support the renovation of the main library and cultural arts center. The Cleveland Heights-University Heights Public Library continues to communicate to the community that they rely upon their support for the majority of its operations and will continue to work diligently to plan expenses, staying carefully within the Library's budget and financial forecast. The community realizes the income generated by local levies remains constant, thereby forcing the Library to come back to the voters from time to time for additional support.

The Board of Trustees and Director work extremely hard at containing health care costs by securing updated competitive proposals from various health care providers. While the cost increases for medical insurance are unavoidable in today's environment, the Library is working diligently to maintain a high level of coverage for its employees at the lowest cost possible.

Contacting the Library's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Library's finances and demonstrates the Library's accountability for all money it receives, spends, and invests. Please direct any questions about this report or financial information inquiries to Director/Clerk-Treasurer Stephen D. Wood, Cleveland Heights-University Heights Public Library, 2345 Lee Road, Cleveland Heights, Ohio 44118-3493, or telephone 216-932-3600. We also offer information regarding our Library on our web site, www.heightslibrary.org.

Basic Financial Statements

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Cleveland Heights-University Heights Public Library

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,557,931
Accounts Receivable	2,125
Intergovernmental Receivable	1,804,664
Prepaid Items	32,447
Property Taxes Receivable	4,164,761
Nondepreciable Capital Assets, Net	791,638
Depreciable Capital Assets, Net	<u>17,546,445</u>
<i>Total Assets</i>	<u>26,900,011</u>
Liabilities	
Accounts Payable	61,944
Accrued Wages	165,144
Intergovernmental Payable	75,657
Matured Compensated Absences Payable	10,857
Deferred Revenue	3,806,425
Long-Term Liabilities:	
Due Within One Year	289,033
Due In More Than One Year	<u>597,463</u>
<i>Total Liabilities</i>	<u>5,006,523</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	17,685,439
Restricted for:	
Capital Projects	555,910
Staff Development	463,836
Unrestricted	<u>3,188,303</u>
<i>Total Net Assets</i>	<u><u>\$21,893,488</u></u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

Statement of Activities

For the Year Ended December 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Public Service	\$8,026,175	\$116,109	\$2,573	(\$7,907,493)
Administration	1,584,531	28,589	633	(1,555,309)
Interest and Fiscal Charges	28,289	0	0	(28,289)
<i>Total Governmental Activities</i>	\$9,638,995	\$144,698	\$3,206	(9,491,091)
			General Revenues	
			Property Taxes Levied for General Purposes	4,000,385
			Grants and Entitlements not Restricted to Specific Programs	3,688,533
			Investment Earnings	162,444
			Miscellaneous	90,942
			<i>Total General Revenues</i>	7,942,304
			Change in Net Assets	(1,548,787)
			<i>Net Assets Beginning of Year - Restated (</i>	23,442,275
			<i>Net Assets End of Year</i>	\$21,893,488

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

Balance Sheet

Governmental Funds

December 31, 2007

	General	Buildings and Repairs	Other Governmental Fund	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,511,289	\$555,910	\$463,836	\$2,531,035
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	26,896	0	0	26,896
Receivables:				
Property Taxes	4,164,761	0	0	4,164,761
Accounts	2,125	0	0	2,125
Intergovernmental	1,804,664	0	0	1,804,664
Prepaid Items	32,447	0	0	32,447
<i>Total Assets</i>	<u>\$7,542,182</u>	<u>\$555,910</u>	<u>\$463,836</u>	<u>\$8,561,928</u>
Liabilities				
Accounts Payable	\$61,944	\$0	\$0	\$61,944
Accrued Wages	165,144	0	0	165,144
Intergovernmental Payable	75,657	0	0	75,657
Deferred Revenue	5,721,143	0	0	5,721,143
Matured Compensated Absences Payable	10,857	0	0	10,857
<i>Total Liabilities</i>	<u>6,034,745</u>	<u>0</u>	<u>0</u>	<u>6,034,745</u>
Fund Balances				
Reserved for Encumbrances	190,362	4,494	1,624	196,480
Reserved for Unclaimed Monies	26,896	0	0	26,896
Unreserved, Undesignated, Reported in:				
General Fund	1,290,179	0	0	1,290,179
Special Revenue Funds	0	0	462,212	462,212
Capital Projects Funds	0	551,416	0	551,416
<i>Total Fund Balances</i>	<u>1,507,437</u>	<u>555,910</u>	<u>463,836</u>	<u>2,527,183</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,542,182</u>	<u>\$555,910</u>	<u>\$463,836</u>	<u>\$8,561,928</u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Fund Balances	\$2,527,183
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,338,083
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	358,336
Intergovernmental	1,556,382
Total	1,914,718
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(233,852)
Capital Leases	(652,644)
Total	(886,496)
<i>Net Assets of Governmental Activities</i>	\$21,893,488

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Buildings and Repairs	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,995,415	\$0	\$0	\$3,995,415
Patron Fines and Fees	123,751	0	0	123,751
Intergovernmental	3,693,850	0	0	3,693,850
Interest	110,120	26,403	25,921	162,444
Donations	3,206	0	0	3,206
Rentals	20,947	0	0	20,947
Miscellaneous	9,491	81,451	0	90,942
<i>Total Revenues</i>	<u>7,956,780</u>	<u>107,854</u>	<u>25,921</u>	<u>8,090,555</u>
Expenditures				
Current:				
General Government:				
Public Service	6,200,089	0	2,000	6,202,089
Administration	1,549,018	0	28,489	1,577,507
Capital Outlay	105,366	865,396	604,234	1,574,996
Debt Service:				
Principal Retirement	79,224	0	0	79,224
Interest and Fiscal Charges	27,532	0	6,552	34,084
<i>Total Expenditures</i>	<u>7,961,229</u>	<u>865,396</u>	<u>641,275</u>	<u>9,467,900</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,449)</u>	<u>(757,542)</u>	<u>(615,354)</u>	<u>(1,377,345)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	127,819	0	0	127,819
Transfers In	44	300,000	312,445	612,489
Transfers Out	(300,000)	0	(312,489)	(612,489)
<i>Total Other Financing Sources (Uses)</i>	<u>(172,137)</u>	<u>300,000</u>	<u>(44)</u>	<u>127,819</u>
<i>Net Change in Fund Balances</i>	<u>(176,586)</u>	<u>(457,542)</u>	<u>(615,398)</u>	<u>(1,249,526)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,684,023</u>	<u>1,013,452</u>	<u>1,079,234</u>	<u>3,776,709</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,507,437</u></u>	<u><u>\$555,910</u></u>	<u><u>\$463,836</u></u>	<u><u>\$2,527,183</u></u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds (\$1,249,526)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	232,132	
Depreciation	<u>(523,102)</u>	
 Total		 (290,970)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities of activities, a gain or loss is reported for each disposal. (16,391)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	4,970	
Intergovernmental	<u>(5,317)</u>	
 Total		 (347)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 79,224

In the statement of activities, interest is accrued on capital leases, whereas in governmental funds, an interest expenditure is reported when due. 5,795

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 51,247

Other financing sources in the governmental funds, such as the inception of a capital lease, increase long-term liabilities in the statement of net assets. (127,819)

Change in Net Assets of Governmental Activities (\$1,548,787)

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund*

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$6,604,822	\$3,996,830	\$3,995,415	(\$1,415)
Patrons Fines and Fees	181,078	115,000	122,677	7,677
Intergovernmental	5,480,375	3,678,304	3,678,304	0
Interest	159,034	101,000	109,728	8,728
Donations	1,575	1,000	3,206	2,206
Rentals	20,470	13,000	21,132	8,132
Miscellaneous	4,881	3,100	8,881	5,781
<i>Total Revenues</i>	<u>12,452,235</u>	<u>7,908,234</u>	<u>7,939,343</u>	<u>31,109</u>
Expenditures				
Current:				
General Government:				
Public Service	6,614,137	6,614,137	6,493,809	120,328
Administration	1,673,275	1,673,275	1,545,456	127,819
Capital Outlay	139,526	139,526	111,388	28,138
<i>Total Expenditures</i>	<u>8,426,938</u>	<u>8,426,938</u>	<u>8,150,653</u>	<u>276,285</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,025,297</u>	<u>(518,704)</u>	<u>(211,310)</u>	<u>307,394</u>
Other Financing Sources (Uses)				
Transfers In	0	0	44	44
Transfers Out	(300,000)	(300,000)	(300,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(299,956)</u>	<u>44</u>
<i>Net Change in Fund Balance</i>	3,725,297	(818,704)	(511,266)	307,438
<i>Fund Balance Beginning of Year</i>	1,454,140	1,454,140	1,454,140	0
Prior Year Encumbrances Appropriated	340,823	340,823	340,823	0
<i>Fund Balance End of Year</i>	<u>\$5,520,260</u>	<u>\$976,259</u>	<u>\$1,283,697</u>	<u>\$307,438</u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Note 1 – Description of the Library and Reporting Entity

The Cleveland Heights-University Heights Public Library (the Library) was organized as a school district public library in 1920 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Cleveland Heights-University Heights Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Cleveland Heights-University Heights City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. The Library has no component units.

The Friends of the Cleveland-Heights-University Heights Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Cleveland-Heights-University Heights Public Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Library also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Library's accounting policies are described below.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Library as a whole. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. However, the Library has only governmental activities; therefore no business-type activities are presented.

The statement of net assets presents the financial condition of the governmental activities of the Library at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Library.

Fund Financial Statements During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Library's major governmental funds:

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building and Repairs Fund The building and repairs fund accounts for monies set side by the Board of Library Trustees specifically for major capital and technology improvements

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Library are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, Library and Local Government Support Fund payments, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from Library and Local Government Support Fund payments, grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is deposited into one bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During 2007, investments were limited to STAROhio, US Savings Bonds and nonnegotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$110,120 which includes \$12,436 assigned from other Library funds.

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

G. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

H. Capital Assets

All capital assets of the Library are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Library was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of five hundred dollars with the exception of land as land was listed regardless of cost. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	5-40 Years
Buildings and Improvements	5-99 Years
Equipment	3-20 Years
Furniture	5-20 Years
Vehicles	10 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means. The Library records a liability for all accumulated unused vacation time when earned for all employees.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Sick leave benefits are accrued as a liability using the vesting method. The liability includes amounts accumulated by those employees who are currently eligible to receive termination benefits and those the Library has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Library's termination policy. The Library records a liability of 25 percent of the accumulated unused sick leave for all employees eligible to retire through the Ohio Public Employees Retirement System.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as a liability on the governmental fund financial statements when due.

K. Fund Balance Reserves

The Library reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$1,019,746 of restricted net assets, of which none is restricted by enabling legislation.

The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Internal Activity

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Library Administration and that are either unusual in nature or infrequent in occurrence.

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Administrative Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established by the Board of Trustees at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The Clerk/Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Clerk/Treasurer. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts in the original and final amended certificate in effect at the time original and final appropriations were passed.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Note 3 - Change in Accounting Principles and Restatement of Prior Year's Net Assets

A. Change in Accounting Principles

For 2007, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for the OPERS post-employment healthcare plan in the amount of \$19,317 which is the same as the previously reported liability.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Prior Year's Net Assets

During 2007, it was determined that capital assets were understated in the amount of \$117,229, which adjusted net assets at December 31, 2006, from \$23,325,046 to \$23,442,275.

Note 4 - Budgetary Basis of Accounting

While the Library is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance (GAAP).

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

- d) Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	(\$176,586)
Net Adjustment for Revenue Accruals	(15,971)
Net Adjustment for Expenditure Accruals	(64,937)
Beginning Unrecorded Cash	716
Ending Unrecorded Cash	(2,182)
Encumbrances	<u>(252,306)</u>
Budget Basis	<u><u>(\$511,266)</u></u>

Note 5 - Deposits and Investments

State statutes classify monies held by the Library into three categories.

Active monies are public monies necessary to meet current demands on the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes or any other obligation and security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,554,346 of the Library's bank balance of \$1,905,893 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Investments

Investments are reported at fair value. As of December 31, 2007, the Library had investments in STAROhio and US Savings Bonds with amounts of \$454,109 and \$437,538, respectively, with average maturities of 41 days for STAROhio and 7 to 14 years for the US Savings Bonds.

Interest Rate Risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library does not have an investment policy beyond the requirements of State statute. Ohio Law addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk STAROhio carries a rating of AAAM by Standard & Poor's. The Library has no investment policy that addresses credit risk.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The Library places no limit on the amount it may invest in any one issuer. The following is the Library's allocation as of December 31, 2007:

Investment	Percentage of Investments
STAROhio	50.93 %
US Savings Bonds	49.07

Note 6 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Cleveland Heights-University Heights City School District. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The full tax rate for all Library operations for the year ended December 31, 2007 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Values
Real Estate	
Residential/Agricultural	\$1,034,579,860
Other Real Estate	196,135,280
Tangible Personal Property	
Public Utility	11,548,270
General	9,140,242
Total	<u><u>\$1,251,403,652</u></u>

The County Treasurer collects property tax on behalf of all taxing districts within the county, including the Library district. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis it is deferred.

Note 7 - Receivables

Receivables at December 31, 2007, consisted of taxes, accounts and due from other governments. The intergovernmental receivables at December 31, 2007 were \$1,580,345 of Library and Local Government Support Fund revenues received through the State of Ohio and \$224,319 for homestead and rollback,. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 8 – Capital Leases

During 2007, the Library entered into lease agreements for the acquisition of three copiers and an office phone system. In prior years, the Library entered into lease agreements for the acquisition of a copier, communication equipment and an energy management system. The Library’s lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, “Accounting for Leases,” and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2007 follows:

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Assets:

Equipment	\$767,983
Less: Accumulated Depreciation	<u>(70,631)</u>
Current Book Values	<u><u>\$697,352</u></u>

The following is a schedule of the future long-term minimum lease payments required on the capital leases and present value of the minimum lease payments as of December 31, 2007. All lease payments are made from the general fund.

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$100,474
2009	93,383
2010	91,593
2011	79,138
2012	68,437
2013-2017	249,935
2018-2020	<u>149,961</u>
Total Minimum Lease Payments	832,921
Less: Amount Representing Interest	<u>(180,277)</u>
Present Value of Minimum Lease	<u><u>\$652,644</u></u>

Note 9 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati Insurance Companies	Comercial Property	\$27,056,558
	General Liability	2,000,000
	Comercial Crime	5,000
	Inland Marine	3,557,680
	Vehicle	1,000,000
Utica National	Errors and Omissions	2,000,000
Ohio Farmers Insurance	Library Officials	100,000
Fidelity and Deposit	Fidelity and Deposit	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/07</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$791,638	\$0	\$0	\$791,638
Capital assets, being depreciated				
Land Improvements	597,715	4,000	0	601,715
Buildings and Building Improvements	19,599,094	50,687	(34,659)	19,615,122
Equipment	1,892,034	171,843	(55,809)	2,008,068
Furniture	42,990	5,602	0	48,592
Vehicles	27,073	0	(12,385)	14,688
Total capital assets being depreciated	<u>22,158,906</u>	<u>232,132</u>	<u>(102,853)</u>	<u>22,288,185</u>
Accumulated depreciation				
Land Improvements	(404,611)	(27,002)	0	(431,613)
Buildings and Building Improvements	(3,143,731)	(321,557)	28,502	(3,436,786)
Equipment	(719,691)	(167,279)	50,529	(836,441)
Furniture	(21,558)	(5,795)	0	(27,353)
Vehicles	(15,509)	(1,469)	7,431	(9,547)
Total accumulated depreciation	<u>(4,305,100)</u>	<u>(523,102) *</u>	<u>86,462</u>	<u>(4,741,740)</u>
Total Capital assets being depreciated, net	<u>17,853,806</u>	<u>(290,970)</u>	<u>(16,391)</u>	<u>17,546,445</u>
Governmental activities capital assets, net	<u>\$18,645,444</u>	<u>(\$290,970)</u>	<u>(\$16,391)</u>	<u>\$18,338,083</u>

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Public Service	\$512,640
Administration	<u>10,462</u>
Total	<u>\$523,102</u>

Note 11 - Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The Library's contribution rate for 2007 was 13.85 percent. For the period January 1 through June 30, a portion of the Library's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$333,286, \$358,639, and \$354,685 respectively; 89 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$8,441 made by the Library and \$5,790 made by the plan members.

Note 12 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$219,530, \$175,421 and \$148,559 respectively; 89 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 13 – Other Employee Benefits

A. Compensated Absences

All full time, 30 hour and part time employees earn vacation by payroll period at different rates which are affected by length of service. Up to 100 percent of the annual vacation allowance may be carried forward from one year to the next. Upon retirement or death, employees are paid 25 percent of their accumulated hours of sick leave. Accrued vacation leave is paid upon retirement, termination or death of the employee.

Sick leave for full time and 30 hour employees is also earned by payroll period and can be accumulated up to 105 days, plus the current year. Part time staff can also earn sick leave which accumulates to a comparable amount.

B. Insurance

The Library provides medical, dental and vision insurance to employees on a paid premium basis. Other employee benefits include life insurance coverage, long-term disability insurance and an IRC Section 125 flexible benefit plan.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Note 14 – Interfund Transfers

The general fund transferred \$300,000 to the building and repairs capital projects fund for the purchase and maintenance of various items throughout the Library. The bond retirement debt service fund transferred \$44 to the general fund to close the fund out and \$312,445 to the renovation capital projects fund to pay for the outstanding notes.

Note 15 – Note Payable

During 2007, the Library retired \$312,445 in tax anticipation notes outstanding; \$300,000 of principal and \$12,445 of interest and fiscal charges. The notes were issued during 2006 to help finance the Main Library Renovation Project.

Note 16 - Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Principal Outstanding 12/31/2006	Additions	Deletions	Principal Outstanding 12/31/2007	Amounts Due In One Year
<i>Governmental Activities</i>					
Compensated Absences	\$285,099	\$326,457	\$377,704	\$233,852	\$217,680
Capital Lease Obligations	604,049	127,819	79,224	652,644	71,353
<i>Total Governmental Activities</i>	<u>\$889,148</u>	<u>\$454,276</u>	<u>\$456,928</u>	<u>\$886,496</u>	<u>\$289,033</u>

Note 17 – Construction and Improvement of Facilities

In 2001, the Board of Library Trustees of the Cleveland Heights-University Heights Public Library submitted to the Cleveland Heights-University Heights City School District a bond issue to be used for improvements to the Library System. The School District serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the bond issue in 2001, the School District issued bond anticipation notes for Library improvements in the amount of \$5,000,000 in 2001 and of \$4,500,000 during 2002. During 2002, the notes were rolled into bonds. Because the bonds are general obligations of the Cleveland Heights-University Heights City School District, the long-term obligation is excluded from the general long-term obligations of the Cleveland Heights-University Heights Public Library. The receipt and expenditure of the proceeds from the property tax levy for the retirement of the debt is reflected in the School District's bond retirement fund.

Note 18 – Subsequent Event

In March 2008, the Library passed a continuous 1.9 mill property tax levy, certified to generate \$2.3 million in revenue beginning in 2009.

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes. A description of the Library's nonmajor special revenue funds follows:

Staff Development Fund - This fund accounts for revenue received as interest from principal left to the Library as part of the estate of Larry Bauer. It is used specifically for staff development programs. This is the only nonmajor special revenue fund with a balance as of December 31, 2007.

LLOhio Fund - This fund accounts for revenue received from the State, fees and donations to be used for leadership development for library professionals.

Nonmajor Debt Service Fund

The Debt Service Fund is used to account for the accumulation of, resources for, and the payment of, general long-term debt principal and interest.

Bond Retirement Fund - This fund accounts for the retirement of principal and interest on outstanding notes.

Nonmajor Capital Projects Fund

The Capital Projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

Renovation Fund - This fund accounts for revenue from the recent School District bond issue and fundraising efforts specifically set aside for the planned renovation of the Main Library.

Cleveland Heights-University Heights Public Library
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Interest	\$25,921	\$0	\$0	\$25,921
Expenditures				
Current:				
General Government:				
Public Service	2,000	0	0	2,000
Administration	28,489	0	0	28,489
Capital Outlay	0	0	604,234	604,234
Debt Service:				
Interest and Fiscal Charges	0	0	6,552	6,552
<i>Total Expenditures</i>	30,489	0	610,786	641,275
<i>Excess of Revenues Under Expenditures</i>	(4,568)	0	(610,786)	(615,354)
Other Financing Sources (Uses)				
Transfers In	0	0	312,445	312,445
Transfers Out	0	(312,489)	0	(312,489)
<i>Total Other Financing Sources (Uses)</i>	0	(312,489)	312,445	(44)
<i>Net Change in Fund Balances</i>	(4,568)	(312,489)	(298,341)	(615,398)
<i>Fund Balances Beginning of Year</i>	468,404	312,489	298,341	1,079,234
<i>Fund Balances End of Year</i>	\$463,836	\$0	\$0	\$463,836

Cleveland Heights-University Heights Public Library
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Staff Development	LLOhio Grant	Total Nonmajor Special Revenue Funds
Revenues			
Interest	\$25,921	\$0	\$25,921
Expenditures			
Current:			
General Government:			
Public Service	0	2,000	2,000
Administration	28,489	0	28,489
<i>Total Expenditures</i>	28,489	2,000	30,489
<i>Net Change in Fund Balances</i>	(2,568)	(2,000)	(4,568)
<i>Fund Balances Beginning of Year</i>	466,404	2,000	468,404
<i>Fund Balances End of Year</i>	\$463,836	\$0	\$463,836

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$6,604,822	\$3,996,830	\$3,995,415	(\$1,415)
Patron Fines and Fees	181,078	115,000	122,677	7,677
Intergovernmental	5,480,375	3,678,304	3,678,304	0
Interest	159,034	101,000	109,728	8,728
Donations	1,575	1,000	3,206	2,206
Rentals	20,470	13,000	21,132	8,132
Miscellaneous	4,881	3,100	8,881	5,781
<i>Total Revenues</i>	<u>12,452,235</u>	<u>7,908,234</u>	<u>7,939,343</u>	<u>31,109</u>
Expenditures				
Current:				
Public Service				
Salaries and Wages	4,174,282	4,174,282	4,077,760	96,522
Purchased Services	983,685	983,685	983,685	0
Materials and Supplies	1,424,106	1,424,106	1,407,477	16,629
Other	32,064	32,064	24,887	7,177
<i>Total Public Service</i>	<u>6,614,137</u>	<u>6,614,137</u>	<u>6,493,809</u>	<u>120,328</u>
Administration				
Salaries and Wages	1,246,863	1,246,863	1,218,032	28,831
Purchased Services	187,571	187,571	155,502	32,069
Materials and Supplies	48,650	48,650	46,784	1,866
Other	190,191	190,191	125,138	65,053
<i>Total Administration</i>	<u>1,673,275</u>	<u>1,673,275</u>	<u>1,545,456</u>	<u>127,819</u>
Capital Outlay				
Land Improvements	12,000	12,000	0	12,000
Building Improvements	40,598	40,598	40,598	0
Furniture and Equipment	36,928	36,928	20,803	16,125
Capital Outlay	50,000	50,000	49,987	13
<i>Total Capital Outlay</i>	<u>139,526</u>	<u>139,526</u>	<u>111,388</u>	<u>28,138</u>
<i>Total Expenditures</i>	<u>8,426,938</u>	<u>8,426,938</u>	<u>8,150,653</u>	<u>276,285</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,025,297</u>	<u>(518,704)</u>	<u>(211,310)</u>	<u>307,394</u>
Other Financing Sources (Uses)				
Transfers In	0	0	44	44
Transfers Out	(300,000)	(300,000)	(300,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(299,956)</u>	<u>44</u>
<i>Net Change in Fund Balance</i>	<u>3,725,297</u>	<u>(818,704)</u>	<u>(511,266)</u>	<u>307,438</u>
<i>Fund Balance Beginning of Year</i>	<u>1,454,140</u>	<u>1,454,140</u>	<u>1,454,140</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>340,823</u>	<u>340,823</u>	<u>340,823</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,520,260</u>	<u>\$976,259</u>	<u>\$1,283,697</u>	<u>\$307,438</u>

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building and Repairs Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$135,000	\$20,000	\$26,403	\$6,403
Miscellaneous	0	0	81,451	81,451
<i>Total Revenues</i>	<u>135,000</u>	<u>20,000</u>	<u>107,854</u>	<u>87,854</u>
Expenditures				
Current:				
General Government:				
Public Service				
Purchased Services	2,929	194,714	110,672	84,042
Capital Outlay				
Building Improvements	563,990	563,990	563,990	0
Furniture and Equipment	281,835	281,835	195,228	86,607
<i>Total Capital Outlay</i>	<u>845,825</u>	<u>845,825</u>	<u>759,218</u>	<u>86,607</u>
<i>Total Expenditures</i>	<u>848,754</u>	<u>1,040,539</u>	<u>869,890</u>	<u>170,649</u>
<i>Excess of Revenues Under Expenditures</i>	(713,754)	(1,020,539)	(762,036)	258,503
Other Financing Sources				
Transfers In	300,000	0	300,000	300,000
<i>Net Change in Fund Balance</i>	(413,754)	(1,020,539)	(462,036)	558,503
<i>Fund Balance Beginning of Year</i>	569,699	569,699	569,699	0
Prior Year Encumbrances Appropriated	443,753	443,753	443,753	0
<i>Fund Balance End of Year</i>	<u>\$599,698</u>	<u>(\$7,087)</u>	<u>\$551,416</u>	<u>\$558,503</u>

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Staff Development Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$20,000	\$20,000	\$29,309	\$9,309
Expenditures				
Current:				
General Government:				
Administration				
Salaries and Wages	7,050	7,050	3,830	3,220
Purchased Services	24,462	24,462	19,996	4,466
Materials and Supplies	9,774	9,774	6,287	3,487
<i>Total Expenditures</i>	41,286	41,286	30,113	11,173
<i>Net Change in Fund Balance</i>	(21,286)	(21,286)	(804)	20,482
<i>Fund Balance Beginning of Year</i>	459,230	459,230	459,230	0
Prior Year Encumbrances Appropriated	3,786	3,786	3,786	0
<i>Fund Balance End of Year</i>	\$441,730	\$441,730	\$462,212	\$20,482

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
LLOhio Grant Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Public Service				
Other	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(2,000)	(2,000)	(2,000)	0
<i>Fund Balance Beginning of Year</i>	2,000	2,000	2,000	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	300,000	300,000	300,000	0
Interest and Fiscal Charges	12,445	12,445	12,445	0
<i>Total Expenditures</i>	312,445	312,445	312,445	0
<i>Excess of Revenues Under Expenditures</i>	(312,445)	(312,445)	(312,445)	0
Other Financing Uses				
Transfers Out	(44)	(44)	(44)	0
<i>Net Change in Fund Balance</i>	(312,489)	(312,489)	(312,489)	0
<i>Fund Balance Beginning of Year</i>	312,489	312,489	312,489	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Renovation Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
	\$0	\$0	\$0	\$0
Revenues				
Expenditures				
Current:				
General Government:				
Public Service				
Purchased Services	14,463	14,463	14,463	0
Capital Outlay				
Building Improvements	589,771	589,771	589,771	0
<i>Total Expenditures</i>	604,234	604,234	604,234	0
<i>Net Change in Fund Balance</i>	(604,234)	(604,234)	(604,234)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	604,234	604,234	604,234	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

Statistical Section

Statistical Section

This part of the Cleveland Heights-University Heights Public Library, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Library's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S7</i>
These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S8 – S18</i>
These schedules contain information to help the reader assess the Library's most significant local revenue, the property tax.	
<i>Debt Capacity</i>	<i>S19 – S20</i>
These schedules present information to help the reader assess the affordability of the Library's current levels of outstanding debt and the Library's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S21 – S23</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Library's financial activities take place.	
<i>Operating Information</i>	<i>S24 – S26</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Library implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Cleveland Heights-University Heights Public Library

Net Assets By Component

Last Five Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$17,685,439	\$18,041,395	\$11,967,722	\$6,649,002	\$5,895,502
Restricted:					
Capital Projects	555,910	1,311,793	6,997,038	12,049,830	12,100,420
Debt Service	0	312,489	0	0	0
Other Purposes	463,836	468,404	470,199	474,850	482,381
Unrestricted	<u>3,188,303</u>	<u>3,308,194</u>	<u>3,491,863</u>	<u>3,324,272</u>	<u>3,241,771</u>
<i>Total Governmental Activities</i>					
<i>Net Assets</i>	<u>\$21,893,488</u>	<u>\$23,442,275</u>	<u>\$22,926,822</u>	<u>\$22,497,954</u>	<u>\$21,720,074</u>

Cleveland Heights-University Heights Public Library

Changes in Net Assets

Last Five Years

(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government:					
Public Service	\$116,109	\$100,472	\$105,936	\$116,469	\$174,815
Administration	28,589	20,658	21,698	27,876	0
Subtotal - Charges for Services	<u>144,698</u>	<u>121,130</u>	<u>127,634</u>	<u>144,345</u>	<u>174,815</u>
Operating Grants and Contributions:					
General Government:					
Public Service	2,573	36,541	2,318	5,819	3,138
Administration	633	703	475	305	0
Subtotal - Operating Grants and Contributions	<u>3,206</u>	<u>37,244</u>	<u>2,793</u>	<u>6,124</u>	<u>3,138</u>
Capital Grants and Contributions:					
General Government					
Public Service	0	598	257,999	87,557	4,732
<i>Total Primary Government Program Revenues</i>	<u>147,904</u>	<u>158,972</u>	<u>388,426</u>	<u>238,026</u>	<u>182,685</u>
Expenses					
Governmental Activities:					
General Government:					
Public Service	8,026,175	6,201,050	6,956,913	6,144,037	6,238,829
Administration	1,584,531	1,452,755	1,178,367	1,381,107	1,191,302
Interest and Fiscal Charges	28,289	42,244	13,564	16,172	14,292
<i>Total Governmental Activities Expenses</i>	<u>9,638,995</u>	<u>7,696,049</u>	<u>8,148,844</u>	<u>7,541,316</u>	<u>7,444,423</u>
Net Expense					
Governmental Activities	<u>(9,491,091)</u>	<u>(7,537,077)</u>	<u>(7,760,418)</u>	<u>(7,303,290)</u>	<u>(7,261,738)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	4,000,385	4,045,997	4,154,144	4,178,114	4,155,802
Grants and Entitlements not Restricted to					
Specific Programs	3,688,533	3,628,958	3,617,300	3,722,905	3,554,417
Investment Earnings	162,444	357,563	414,154	176,561	411,667
Miscellaneous	90,942	20,012	3,688	3,590	2,750
<i>Total Governmental Activities</i>	<u>7,942,304</u>	<u>8,052,530</u>	<u>8,189,286</u>	<u>8,081,170</u>	<u>8,124,636</u>
Change in Net Assets					
Governmental Activities	<u>(\$1,548,787)</u>	<u>\$515,453</u>	<u>\$428,868</u>	<u>\$777,880</u>	<u>\$862,898</u>

Cleveland Heights-University Heights Public Library

Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004
General Fund				
Reserved	\$217,258	\$239,157	\$164,238	\$145,124
Unreserved	1,290,179	1,444,866	1,570,289	1,364,190
Total General Fund	1,507,437	1,684,023	1,734,527	1,509,314
All Other Governmental Funds				
Reserved	6,118	1,051,773	5,986,236	884,406
Unreserved, Undesignated, Reported in:				
Special Revenue funds	462,212	464,618	467,195	471,150
Debt Service fund	0	312,489	0	0
Capital Projects funds	551,416	263,806	1,013,806	11,169,124
Total All Other Governmental Funds	1,019,746	2,092,686	7,467,237	12,524,680
Total Governmental Funds	\$2,527,183	\$3,776,709	\$9,201,764	\$14,033,994

2003	2002	2001	2000	1999	1998
\$116,477	\$189,898	\$167,254	\$45,485	\$212,647	\$87,944
1,340,247	774,226	674,246	508,939	245,047	725,928
1,456,724	964,124	841,500	554,424	457,694	813,872
806,656	900,145	251,641	244,541	280,378	23,795
471,052	486,019	489,386	453,484	476,793	0
0	0	0	0	0	0
11,305,093	10,885,191	6,542,394	1,005,458	1,740,229	1,622,543
12,582,801	12,271,355	7,283,421	1,703,483	2,497,400	1,646,338
\$14,039,525	\$13,235,479	\$8,124,921	\$2,257,907	\$2,955,094	\$2,460,210

Cleveland Heights-University Heights Public Library

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004
Revenues				
Property Taxes	\$3,995,415	\$4,137,884	\$4,134,195	\$4,204,497
Patron Fines and Fees	123,751	107,456	114,514	133,045
Intergovernmental	3,693,850	3,686,792	3,671,580	3,669,810
Interest	162,444	357,563	414,154	176,561
Donations	3,206	22,630	260,792	88,737
Rentals	20,947	13,674	13,120	11,300
Miscellaneous	90,942	20,012	3,688	3,590
<i>Total Revenues</i>	<u>8,090,555</u>	<u>8,346,011</u>	<u>8,612,043</u>	<u>8,287,540</u>
Expenditures				
Current:				
General Government:				
Public Service	6,202,089	5,864,854	5,683,861	5,640,180
Administration	1,577,507	1,419,563	1,182,721	1,358,823
Capital Outlay	1,574,996	6,927,497	6,515,594	1,284,583
Debt Service:				
Principal Retirement	79,224	108,261	99,285	111,935
Interest and Fiscal Charges	34,084	36,449	13,564	16,172
<i>Total Expenditures</i>	<u>9,467,900</u>	<u>14,356,624</u>	<u>13,495,025</u>	<u>8,411,693</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,377,345)</u>	<u>(6,010,613)</u>	<u>(4,882,982)</u>	<u>(124,153)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	127,819	585,558	50,752	118,622
Transfers In	612,489	712,489	900,000	1,000,000
Transfers Out	(612,489)	(712,489)	(900,000)	(1,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>127,819</u>	<u>585,558</u>	<u>50,752</u>	<u>118,622</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$1,249,526)</u></u>	<u><u>(\$5,425,055)</u></u>	<u><u>(\$4,832,230)</u></u>	<u><u>(\$5,531)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	1.2%	2.0%	1.6%	1.8%

2003	2002	2001	2000	1999	1998
\$4,058,172	\$3,969,137	\$3,897,506	\$2,568,771	\$2,545,036	\$2,503,701
159,975	148,495	151,515	161,772	180,204	176,568
3,659,416	3,688,977	3,982,598	3,812,425	3,568,195	3,445,629
411,667	298,272	136,202	159,615	172,304	127,666
7,870	88,190	121,983	1,652	216,787	228,644
14,840	15,438	13,750	15,828	14,442	13,505
2,750	4,501,097	5,135,139	2,188	1,170	23,314
<u>8,314,690</u>	<u>12,709,606</u>	<u>13,438,693</u>	<u>6,722,251</u>	<u>6,698,138</u>	<u>6,519,027</u>
5,923,909	5,883,555	5,621,448	5,297,826	5,032,724	4,761,633
1,138,871	1,276,581	982,663	968,274	876,887	681,787
496,791	429,481	1,056,666	1,120,994	272,500	305,082
95,464	65,103	36,951	34,337	32,946	24,130
14,292	13,880	9,571	4,830	6,466	6,635
<u>7,669,327</u>	<u>7,668,600</u>	<u>7,707,299</u>	<u>7,426,261</u>	<u>6,221,523</u>	<u>5,779,267</u>
645,363	5,041,006	5,731,394	(704,010)	476,615	739,760
128,109	77,394	128,191	0	14,628	81,618
500,000	600,000	1,300,000	200,000	525,000	1,300,000
<u>(500,000)</u>	<u>(600,000)</u>	<u>(1,300,000)</u>	<u>(200,000)</u>	<u>(525,000)</u>	<u>(1,300,000)</u>
<u>128,109</u>	<u>77,394</u>	<u>128,191</u>	<u>0</u>	<u>14,628</u>	<u>81,618</u>
<u>\$773,472</u>	<u>\$5,118,400</u>	<u>\$5,859,585</u>	<u>(\$704,010)</u>	<u>\$491,243</u>	<u>\$821,378</u>
1.6%	1.1%	0.7%	0.6%	0.7%	0.6%

Cleveland Heights-University Heights Public Library
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2007	\$1,034,579,860	\$196,135,280	\$3,516,328,971	\$11,548,270	\$13,123,034
2006	1,031,665,920	186,687,680	3,481,010,286	17,706,520	20,121,045
2005	903,510,300	165,323,030	3,053,809,514	27,878,630	31,680,261
2004	902,759,460	232,806,480	3,244,474,114	30,356,400	34,495,909
2003	900,693,110	165,866,620	3,047,313,514	31,701,920	36,024,909
2002	773,205,020	164,029,800	2,677,813,771	31,701,920	36,024,909
2001	772,943,680	156,749,390	2,656,265,914	20,379,170	23,158,148
2000	773,287,850	153,174,770	2,647,036,057	30,906,950	35,121,534
1999	681,420,410	131,617,280	2,322,964,829	26,927,490	30,599,420
1998	681,596,840	121,200,100	2,293,705,543	29,159,440	33,135,727

Source: Cuyahoga County, Ohio; County Auditor

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$9,140,242	\$73,121,936	\$1,251,403,652	\$3,602,573,942	34.74 %	\$3.6256
17,686,445	94,327,707	1,253,746,565	3,595,459,038	34.87	3.6480
23,111,301	100,483,917	1,119,823,261	3,185,973,693	35.15	4.1328
22,495,796	97,807,809	1,188,418,136	3,376,777,832	35.19	4.1154
25,539,854	102,159,416	1,123,801,504	3,185,497,839	35.28	4.1556
25,539,854	102,159,416	994,476,594	2,815,998,097	35.32	4.6741
24,751,484	99,005,936	974,823,724	2,778,429,998	35.09	4.6527
34,917,354	139,669,416	992,286,924	2,821,827,007	35.16	4.6755
23,459,179	93,836,716	863,424,359	2,447,400,965	35.28	3.3440
22,936,713	91,746,852	854,893,093	2,418,588,122	35.35	3.3461

Cleveland Heights-University Heights Public Library
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2007	2006	2005	2004
Voted Millage - by levy				
1992 Current Expense				
Residential/Agricultural Real	\$2.1967	\$2.1947	\$2.4945	\$2.4929
Commercial/Industrial and Public Utility Real	2.7105	2.7188	2.9866	2.8406
General Business and Public Utility Personal	4.0000	4.0000	4.0000	4.0000
2000 Current Expense				
Residential/Agricultural Real	1.2826	1.2815	1.4565	1.4556
Commercial/Industrial and Public Utility Real	1.4471	1.4515	1.5945	1.5166
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000
Total Millage				
Residential/Agricultural Real	\$3.4793	\$3.4762	\$3.9510	\$3.9485
Commercial/Industrial and Public Utility Real	4.1576	4.1703	4.5811	4.3572
General Business and Public Utility Personal	5.9000	5.9000	5.9000	5.9000

Overlapping Rates by Taxing District

Cleveland Heights City				
Residential/Agricultural Real	\$12.9000	\$13.0000	\$13.0000	\$13.1000
Commercial/Industrial and Public Utility Real	12.9000	13.0000	13.0000	13.1000
General Business and Public Utility Personal	12.9000	13.0000	13.0000	13.1000
University Heights City				
Residential/Agricultural Real	13.2000	13.2000	13.2000	13.2000
Commercial/Industrial and Public Utility Real	13.2000	13.2000	13.2000	13.2000
General Business and Public Utility Personal	13.2000	13.2000	13.2000	13.2000

2003	2002	2001	2000	1999	1998
\$2.4928	\$2.8747	\$2.8710	\$2.8689	\$3.2540	\$3.2514
3.0505	3.1400	3.1377	3.1377	3.5588	3.5978
4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
1.4555	1.6785	1.6764	1.6751	0.0000	0.0000
1.6286	1.6764	1.6752	1.6752	0.0000	0.0000
1.9000	1.9000	1.9000	1.9000	0.0000	0.0000
\$3.9483	\$4.5532	\$4.5474	\$4.5440	\$3.2540	\$3.2514
4.6791	4.8164	4.8129	4.8129	3.5588	3.5978
5.9000	5.9000	5.9000	5.9000	4.0000	4.0000

\$14.0000	\$14.1000	\$14.0000	\$14.1000	\$14.8000	\$14.8000
14.0000	14.1000	14.0000	14.1000	14.8000	14.8000
14.0000	14.1000	14.0000	14.1000	14.8000	14.8000
13.2000	13.2000	13.2000	13.2000	13.2000	13.2000
13.2000	13.2000	13.2000	13.2000	13.2000	13.2000
13.2000	13.2000	13.2000	13.2000	13.2000	13.2000

(continued)

Cleveland Heights-University Heights Public Library
Property Tax Rates - Direct and Overlapping Governments (continued)
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2007	2006	2005	2004
South Euclid City				
Residential/Agricultural Real	\$12.9048	\$12.9037	\$13.2397	\$13.2394
Commercial/Industrial and Public Utility Real	13.0691	13.0711	13.2964	13.3008
General Business and Public Utility Personal	14.7000	14.7000	14.9000	14.9000
Cleveland Heights/University Heights City School District				
Residential/Agricultural Real	60.1573	53.0145	59.4523	59.5232
Commercial/Industrial and Public Utility Real	75.8676	68.9863	75.1736	71.8459
General Business and Public Utility Personal	136.7000	129.6000	129.5000	129.6000
Cuyahoga County				
Residential/Agricultural Real	11.8688	11.8655	11.7227	10.9754
Commercial/Industrial and Public Utility Real	12.4535	12.4941	12.5762	11.9846
General Business and Public Utility Personal	13.4200	13.4200	13.5200	13.5200
Special Taxing Districts (1)				
Residential/Agricultural Real	4.1590	4.1576	4.2965	4.2949
Commercial/Industrial and Public Utility Real	4.3800	4.3962	4.5552	4.5175
General Business and Public Utility Personal	4.7800	4.7800	4.7800	4.7800

Source: Cuyahoga County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The Library's basic property tax rate may be increased only by a majority vote of the Library's residents.

Overlapping rates are those of local and county governments that apply to property owners within the Cities.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

(1) Metro Parks, Port Authority, County Library, Community College

2003	2002	2001	2000	1999	1998
\$13.3393	\$13.4860	\$13.4860	\$13.4853	\$13.7393	\$13.8382
13.4031	13.4723	13.4811	13.4230	13.6790	13.7947
15.0000	15.0000	15.0000	15.0000	15.1000	15.2000
51.0205	58.0479	56.9136	56.1752	53.7189	53.6784
68.2727	70.1257	69.2618	68.5620	67.7656	68.4600
121.1000	121.1000	121.1000	120.4000	111.0000	111.0000
10.9899	12.4609	11.3815	11.3967	11.4114	11.4230
12.0433	12.8764	12.0023	11.9298	12.3736	12.4065
13.5200	14.6500	14.6500	14.6500	13.7500	13.7500
4.1139	1.2758	1.2771	1.2812	1.4267	1.4295
4.0096	1.3447	1.3335	1.3247	1.5039	1.5083
4.4800	1.5500	1.5500	1.5500	1.5500	1.5500

Cleveland Heights-University Heights Public Library
Real Property and Public Utility Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy(1)	Current Tax Collections(1)	Percent of Current Tax Collections To Current Tax Levy	Delinquent Tax Collection	Total Tax Collections(2)
2007	\$4,464,818	\$4,112,555	92.11%	\$221,087	\$4,333,642
2006	4,511,524	4,245,826	94.11	234,895	4,480,721
2005	4,560,243	4,276,028	93.77	223,680	4,499,708
2004	4,514,148	4,303,482	95.33	264,985	4,568,467
2003	4,533,482	4,203,470	92.72	212,737	4,416,207
2002	4,383,205	4,102,149	93.59	218,360	4,320,509
2001	4,431,593	4,185,829	94.45	115,372	4,301,201
2000	2,790,287	2,658,169	95.27	119,373	2,777,542
1999	2,772,395	2,657,244	95.85	111,572	2,768,816
1998	2,774,079	2,652,333	95.61	81,851	2,734,184

Source: Cuyahoga County, Ohio; County Auditor

(1) Information for Real and Public Utility Property Only

(2) State Reimbursements of Rollback and Homestead Exemptions are included

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
97.06%	\$358,336	8.03 %
99.32	353,366	7.83
98.67	445,253	9.76
101.20	425,304	9.42
97.41	451,686	9.96
98.57	354,058	8.08
97.06	289,640	6.54
99.54	165,429	5.93
99.87	167,888	6.06
98.56	173,266	6.25

Cleveland Heights-University Heights Public Library

Personal Property Tax Levies And Collections

Last Ten Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2007	\$110,798	\$107,935	97.42 %	\$8,944	\$116,879
2006	108,802	105,406	96.88	20,597	126,003
2005	149,948	135,438	90.32	368	135,806
2004	182,702	136,508	74.72	3,533	140,041
2003	172,501	130,509	75.66	4,274	134,783
2002	164,408	130,475	79.36	6,575	137,050
2001	137,832	140,694	102.08	(17,978)	122,716
2000	147,166	121,881	82.82	4,055	125,936
1999	102,985	91,759	89.10	2,679	94,438
1998	101,046	90,503	89.57	1,695	92,198

Source: Cuyahoga County, Ohio; County Auditor

(1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes (1)	Percentage of Delinquent Taxes to Total Tax Levy
105.49 %	\$49,536	44.71 %
115.81	42,370	38.94
90.57	58,250	38.85
76.65	40,006	21.90
78.13	68,535	39.73
83.36	27,119	16.49
89.03	10,130	7.35
85.57	27,494	18.68
91.70	7,688	7.47
91.24	7,296	7.22

Cleveland Heights-University Heights Public Library

Principal Real Property Taxpayers

2007 and 1998

Taxpayer	2007	
	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Severance SPE Lease Company	\$19,141,860	1.56 %
Inland Western	15,755,720	1.28
Kaiser Permanente	11,616,780	0.94
Macy Department Store	8,552,780	0.69
Cleveland Electric Illuminating Company	8,432,570	0.68
University Square, Incorporated	7,827,610	0.64
Target	6,279,500	0.51
Coral Cedar Center, LLC	4,973,060	0.40
Huntington House	3,559,060	0.29
ARC American Retirement Community	3,415,590	0.28
Total	\$89,554,530	7.27 %
Total Assessed Valuation	\$1,230,715,140	

Taxpayer	1998	
	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$11,852,330	1.48 %
Ohio Bell Telephone Company	11,168,470	1.39
East Ohio Gas Company	6,167,790	0.77
SCIT, Incorporated	4,444,060	0.55
ABS Development Company	4,162,830	0.52
Jewish Community Housing, Incorporated	2,300,480	0.29
Concord Company	2,129,400	0.27
Lancashire Towers Associates	2,038,400	0.25
Goldberg, Robert Trustee	1,980,160	0.25
Severance Housing Corporation	1,925,210	0.24
Total	\$48,169,130	6.00 %
Total Assessed Valuation	\$802,796,940	

Source: Cuyahoga County Auditor

Cleveland Heights-University Heights Public Library

*Ratios of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

<u>Fiscal Year</u>	<u>Capital Leases</u>	<u>Total Personal Income (1)</u>	<u>Percentage Of Personal Income</u>	<u>Population (2)</u>	<u>Per Capita</u>
2007	\$652,644	\$2,078,917,974	0.03 %	61,614	\$11
2006	604,049	2,078,917,974	0.03	61,614	10
2005	126,752	2,099,250,690	0.01	62,610	2
2004	175,285	2,112,600,876	0.01	63,411	3
2003	168,598	N/A	N/A	N/A	N/A
2002	135,953	N/A	N/A	N/A	N/A
2001	123,662	N/A	N/A	N/A	N/A
2000	32,422	N/A	N/A	N/A	N/A
1999	66,759	N/A	N/A	N/A	N/A
1998	85,077	N/A	N/A	N/A	N/A

(1) Personal Income and Population amounts derived from S22.

Cleveland Heights-University Heights Public Library

Computation of Direct and Overlapping

Debt Attributable to Governmental Activities

December 31, 2007

Jurisdiction	Governmental Activities Debt	Percentage Applicable to Library(1)	Amount Applicable to the Library
Direct			
Capital Leases	\$652,644	100.00 %	\$652,644
Overlapping			
Cuyahoga County			
General Obligation Bonds	194,648,000	4.19	8,155,751
Revenue Bonds	101,906,000	4.19	4,269,861
Capital Leases	27,003,000	4.19	1,131,426
Loans	7,293,000	4.19	305,577
Greater Cleveland Regional Transit Authority	151,473,320	4.19	6,346,732
City of Cleveland Heights			
General Obligation Bonds	17,795,000	95.00	16,905,250
Economic Development Revenue Bond	890,000	95.00	845,500
OPWC Loans	1,338,533	95.00	1,271,606
Capital Leases	53,000	95.00	50,350
Bond Anticipation Notes	8,512,000	95.00	8,086,400
City of University Heights			
General Obligation Bonds	850,000	100.00	850,000
Bond Anticipation Notes	2,715,000	100.00	2,715,000
OWDA Loans	136,826	100.00	136,826
OPWC Loans	512,730	100.00	512,730
Capital Leases	122,201	100.00	122,201
Police Pension	290,407	100.00	290,407
City of South Euclid			
General Obligation Bonds	8,842,976	6.51	575,678
Special Assessment Bonds	305,000	6.51	19,856
OPWC Loans	1,747,086	6.51	113,735
OWDA Loans	1,974,401	6.51	128,534
Capital Leases	223,744	6.51	14,566
Police and Fire Pension	315,023	6.51	20,508
Bond Anticipation Notes	17,000,000	6.51	1,106,700
Cleveland Heights-University Heights City School District			
General Obligation Bonds	13,872,000	100.00	13,872,000
QZAB Bonds	4,485,000	100.00	4,485,000
Capital Lease	255,000	100.00	255,000
<i>Total Overlapping Debt</i>	<u>564,559,247</u>		<u>72,587,193</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$665,118,494</u>		<u>\$73,239,837</u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2007 collection year. The Cleveland Heights-University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights-University Heights City School District. These boundaries cover all of the community of University Heights; all but a small portion of Cleveland Heights (that which is within the boundaries of the East Cleveland City School District); and includes a small portion of the City of South Euclid. Despite this fact, the statistics given here, which represent those of the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.

Cleveland Heights-University Heights Public Library

Principal Employers

Current Year and One Year Ago (1)

2007			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Heights-University Heights City School District	Public Education	1,087	3.46 %
John Carroll University	Higher Education	585	1.86
Cleveland Heights City Hall	Local government	496	1.58
Kaiser Permanente	Health Care	375	1.19
Wal Mart, Inc.	Retail Store	250	0.80
Heinen's	Food Reseller	200	0.64
Macy's	Retail Store	200	0.64
Target's	Retail Store	200	0.64
Motorcars, Inc.	New and Used Cars	200	0.64
Hebrew Academy	Private Education	150	0.48
Total		3,743	11.91 %
Total Employment within the Library District		31,440	

2006			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Heights-University Heights City School District	Public Education	851	2.71 %
John Carroll University	Higher Education	545	1.73
Kaiser Permanente	Medical Facility	375	1.19
Wal-Mart, Inc.	Retail Store	250	0.80
Macy's	Retail Store	200	0.64
Motorcars, Inc.	New and Used Cars	200	0.64
Target's	Retail Store	200	0.64
Whole Foods, Inc.	Food Reseller	200	0.64
Hebrew Academy	Private Education	145	0.45
Home Depot, Inc.	Retail Store	135	0.42
Total		3,101	9.86 %
Total Employment within the Library District		43,712	

Source: Survey conducted by the two Cities.

(1) Information prior to 2006 is not available.

(2) The Cleveland Heights-University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights-University Heights City School District. These boundaries cover all of the community of University Heights; all but a small portion of Cleveland Heights (that which is within the boundaries of the East Cleveland City School District); and includes a small portion of the City of South Euclid. Despite this fact, the statistics given here, which represent combined totals for the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.

Cleveland Heights-University Heights Public Library

Demographic and Economic Statistics

Last Four Years (1)

Year	Population (2)	Total Personal Income (3)	Median Family Income (4)	Per Capita Income (3)	Unemployment Rate (3)	
					Cuyahoga County	State of Ohio
2007	61,614	\$2,078,917,974	\$61,401	\$33,741	6.1%	5.6%
2006	61,614	2,078,917,974	61,401	33,741	6.1	5.6
2005	62,610	2,099,250,690	60,864	33,529	5.9	5.9
2004	63,411	2,112,600,876	60,326	33,316	6.6	5.9

Sources:

- (1) Information prior to 2004 is not available.
- (2) Estimates 2004-2007, ESRI, 2008. The Cleveland Heights-University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights-University Heights City School District. These boundaries cover all of the community of University Heights; all but a small portion of Cleveland Heights (that which is within the boundaries of the East Cleveland City School District); and includes a small portion of the City of South Euclid. Despite this fact, the statistics given here, which represent combined totals for the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.
- (3) ESRI, 2005-2008
- (4) County and State Records
- (5) Records of Cities of Cleveland Heights and University Heights.
- (6) Cuyahoga County, Ohio; County Auditor
Represents total real property assessed value for the Cities of Cleveland Heights and University Heights.
- (7) Federal Reserve Bank of Cleveland

<u>City Square Miles (5)</u>	<u>Estimated Actual Property Value (6)</u>	<u>Number of Building Permits (5)</u>	<u>Dollar Value of Building Permits (5)</u>	<u>Bank Deposits (in thousands)(7)</u>
10.11	\$3,602,573,942	4,563	\$40,280,589	\$142,682,116
10.11	3,595,459,038	2,159	42,688,348	153,725,693
10.11	3,185,973,603	2,071	52,872,625	105,769,931
10.11	3,376,777,832	2,107	30,161,964	101,838,959

Cleveland Heights-University Heights Public Library
Full-Time Equivalent Library Employees by Function/Program
Last Two Years (1)

Function/Program	2007	2006
Public Service		
Adult Services	16.700	19.300
Young Adult Services	4.975	3.850
Children's Services	8.200	8.830
Circulation Services	20.825	20.230
Technical Services	6.925	6.250
Information Technology	2.000	3.000
Building Services	5.725	6.000
Coventry Village Library	5.675	5.650
Noble Neighborhood Library	7.400	7.150
University Heights Library	6.375	6.650
Marketing and Communications	2.225	1.500
Administrative Support	5.925	6.300
Administration		
Main Library	10.000	9.000
Branch Library	3.000	3.000
Totals:	105.950	106.710

Method: Using total hours worked by all staff divided by a 40-hour work week at December 31.

(1) Information prior to 2006 is not available

Cleveland Heights-University Heights Public Library

Capital Assets Statistics by Function/Program

Last Two Years (1)

Function/Program	2007	2006
Public Service		
Number of Buildings	4	4
Public Meeting Rooms	12	12
Vehicles for Delivery	1	1
 Square Footage		
Coventry Village Library	5,105	5,105
Noble Neighborhood Library	11,160	11,160
University Heights Library	11,160	11,160
Lee Road (Main) Library	107,856	107,856
 Public Use Copy Machines	8	7
Public Use Fax Machines	4	4
Public Use PCs	127	123
ATMs	1	1
Cafes	1	1
Art Galleries	1	1
 Administration		
Square Footage (at Lee Road)	2,144	2,144
Administrative Copy Machine	1	1
Staff Use PCs	92	89

(1) Information prior to 2006 is not available

Cleveland Heights-University Heights Public Library

Operating Indicators by Function/Program

Last Two Years (1)

Function/Program	2007	2006
Public Service		
Circulation By Building		
Coventry Village Library	123,230	143,688
Lee Road Library	1,248,260	1,127,499
Noble Neighborhood Library	239,337	278,741
University Heights Library	200,039	216,506
Total Circulation, All Buildings	1,816,866	1,766,434
Circulation By Age Level		
Total Adult Circulation	1,379,985	1,337,745
Total Juvenile Circulation	436,781	428,689
Circulation By Type of Materials		
Books and Magazines	1,021,905	1,019,068
Videocassettes and DVDs	553,931	509,809
Recordings (Discs, Tapes, CDs)	234,135	229,645
Computer Software	1,202	2,211
Other Items	5,693	5,691
Library Collections Systemwide		
Books	284,276	306,202
E-books	15,944	15,944
Videocassettes and DVDs	25,736	23,904
Recordings (Discs, Tapes, CDs)	31,771	28,415
Computer Software	145	194
Magazine Subscriptions	1,033	1,181
Databases Provided	78	80
Electronic Resources		
Number of PCs Available for Public	127	123
Number of Weekly Users of Electronic Resources	2,103	5,755
Annual Number of Users of Electronic Resources	109,356	299,260
Outside Web Documents Accessed	20,769,709	20,769,709
Public Service Transactions Systemwide		
Average Weekly Building Attendance	18,862	19,963
Annual Building Attendance	980,864	1,380,076
Average Weekly Reference Transactions	5,936	6,238
Annual Reference Transactions	308,672	324,376
Total Annual Library Programs	2,955	1,935
Total Annual Library Programs Attendance	43,251	13,821
Administration		
Purchase orders Issued	1,056	644
Accounts Payable Checks/Vouchers Issued	3,682	2,658
Payroll Checks/Direct Deposits Processed/Issued	4,582	4,595
W-2s and 1099s Issued	221	205
Board Resolutions	50	81

(1) Information prior to 2006 is not available.



Mary Taylor, CPA
Auditor of State

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 1, 2008**